

Budget Options

The Congress of the United States
Congressional Budget Office

NOTES

Unless otherwise indicated, all years referred to in this report are fiscal years.

Numbers in the text and tables may not add up to totals because of rounding.

Preface

This volume—part of the Congressional Budget Office’s (CBO’s) annual report to the House and Senate Committees on the Budget—is intended to help inform policy-makers about options for the federal budget. The report presents a broad range of possibilities, focusing on the effects of paying down the debt, options to cut spending or to increase it, and options to cut taxes or to increase revenues.

The broad proposals and specific policy options addressed in this volume come from many sources. In keeping with CBO’s mandate to provide objective and impartial analysis, the discussion of each proposal or option presents the cases for and against it. The inclusion or exclusion of a particular idea does not represent an endorsement or rejection by CBO. As a nonpartisan Congressional agency, CBO does not make recommendations about policy.

The report begins with an introduction that discusses how the emergence of large surpluses has transformed the budget debate, presents rationales for the budget options presented, and explains how to use this volume. Part One (Chapter 1) looks at the costs and benefits of paying down federal debt held by the public. Part Two (Chapters 2 through 5) examines options for spending. Chapter 2 is a broad discussion of proposals that would expand federal programs for retirement, health, and education. Chapter 3, in similar fashion, discusses proposals that would increase spending for physical capital and information. Chapter 4 provides an overview of defense spending and presents specific options to increase or decrease it. Chapter 5 includes numerous options to cut nondefense spending, organized by the functional categories of the budget—international affairs; general science, space, and technology; and so on. Each functional category is introduced by a page of background information about recent spending trends in that function. Part Three (Chapters 6 and 7) looks at revenue options. Chapter 6 presents a broad discussion of significant proposals for cutting taxes. Chapter 7 contains specific options for increasing revenues, which follow the one-page format used in Chapter 5. Appendix A discusses the usefulness of agencies’ reports under the Government Performance and Results Act for assessing budget options. Appendix B contains the scorekeeping guidelines used to enforce the requirements of the Budget Enforcement Act of 1990 (as amended). Appendix C lists contributors to this report.

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Director

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Increase or Modify Taxes That Affect the Environment

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